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MEMORANDUM FOR: APEX Steering Group

The attached draft of the Fourth Quarterly Report on APEX is for your information. Respond only if you have difficulty or heartburn with any of the statements.

This report will not be forwarded to the DCI unless it is requested.



Chairman

16 January 1981

Date

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16 January 1981

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: Deputy Director of Central Intelligence

25X1 FROM:

[REDACTED]
Special Assistant to the DCI for Compartmentation

SUBJECT: Fourth APEX Quarterly Report

25X1 1. This memorandum fulfills a requirement for a quarterly report on APEX progress for the DCI. The report was reviewed in draft by the APEX Steering Group (ASG). It covers the period 1 October 1980 to 31 December 1980. [REDACTED]

25X1 2. In summary, as in the third quarter, the fourth quarter APEX implementation witnessed a great deal of activity. Most important was the DCI decision at the 24 November NFIB meeting to defer setting a new start-up date for APEX, contingent upon the submission of Issue Papers to be reviewed on 12 January 1981 by NFIB. Matters such as industry-related activities, status of APEX manuals, [REDACTED] and the Congressional, and Transition Team inquiries are summarized in the following paragraphs. [REDACTED] 25X1

25X1 3. Phase I tasks were essentially completed by the end of the quarter.

a. The Access/Termination of Access Acknowledgments were distributed to the Community, hundreds of copies of APEX I, II, and III (video and 16-mm formats), briefing and training aids were disseminated, 35-mm slides for industrial briefings were completed and 56,000 APEX rubber stamps were delivered to the Community in anticipation of a 1 January 1981 start-up date. [REDACTED] 25X1

b. Industry-related activities included a Seminar on 6 October for 325 government SCI contracting officers, auditors, and program managers. An additional APEX Seminar was conducted on 22 October for representatives from industry. Approximately 170 companies were invited and over 350 corporate individuals attended. The main objectives were to acquaint the participants with the APEX system

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and to solicit their cooperation. Several members of the APEX Control Staff travelled to California to participate in meetings with representatives from SCI contracting companies on the West Coast. Numerous industry-related concerns surfaced in these seminars and resulted in over 100 questions and answers being assembled and coordinated by the ACS for review by the APEX Steering Group. ☐

c. Though not explicit in the Final Report, as a part of the effort to improve security for SCI a revised physical security standards paper was completed by SECOM and the NFIB coordination process was begun. SECOM also began work on a standard personal history statement for SCI investigations'. ☐

4. Phase II activities:

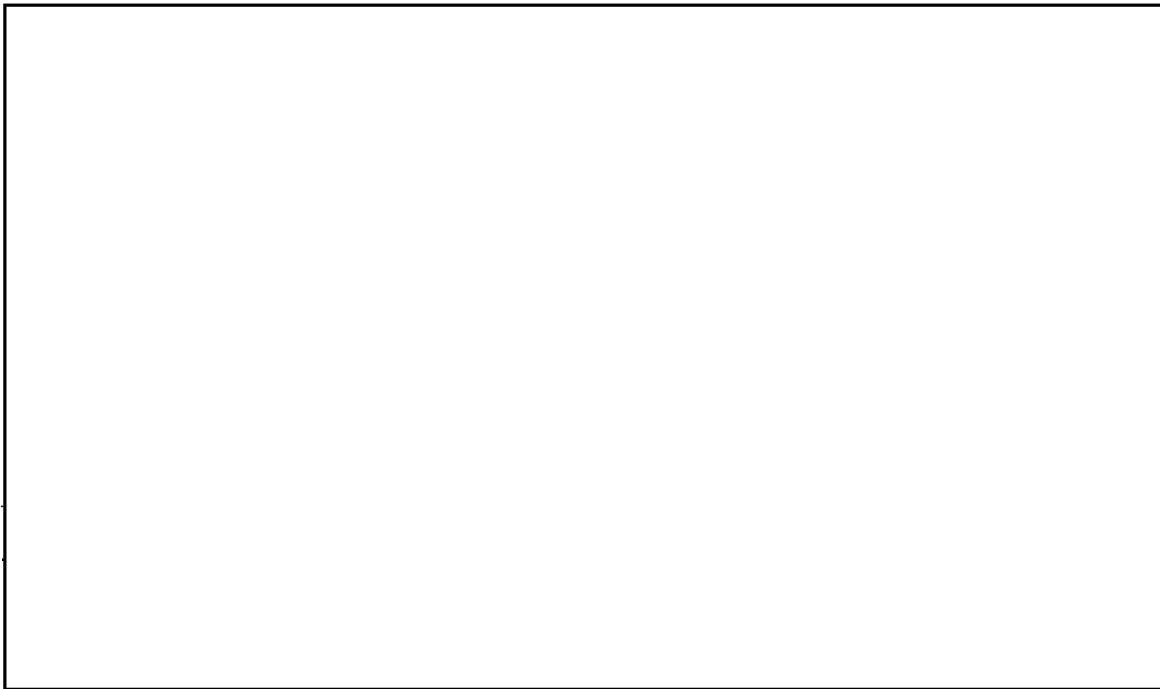
a. Product Manuals - The COMINT Manual was addressed by the SIGINT Committee and drafts were reviewed in November. On 12 November COMIREX presented a special briefing for the Steering Group describing proposed compartmentation of imagery products. The Steering Group approved the text of the HUMINT Manual after 11 iterations and in December it was forwarded to NFIB for approval. The first draft of the Technical Product Manual was scheduled for review in mid-December. Late in December the Imagery Product Manual Appendices B through G were reviewed and comments were conveyed to COMIREX. ☐

b. Operational compartment and subcompartments - A target date of 1 November was set for manual completion but was not met. Action has been slow in this area. Considerable discussion and debate on this subject has taken place at the Steering Group meetings. ☐

c. An ASG memorandum prohibiting the inclusion of operational information in finished intelligence was approved by the APEX Steering Group. It will be held in abeyance until the APEX Government Manual is revised in toto and then sent to NFIB for "noting." ☐

d. The APEX Control Facilities paper was completed in October and is to be issued as a change #1 to the APEX Government Manual. ☐

5. Phase III Activities:



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6. Phase IV Activities:

a. 4C System - During this quarter 4C system level design engineering was completed, and the subsystems' design begun. Plans for system implementation were prepared, and initial efforts begun for procurement of 4C equipment. 4C is on schedule for its initial operational capability in 1982. The FY 81 budget for 4C was approved but expenditures were limited to \$3 million subject to express congressional approval of additional sums up to a total of \$5 million. ☐

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b. Communication/Computer Conversion - The Working Group on Computer and Communications Conversion met weekly through early December. Although significant progress cannot be made until product and other compartment manuals are available, the group worked on: initial versions of implementation guidance; interpretations of DCID 1/16; systems-related Questions and Answers; a questionnaire for a data call to aid in planning and estimating; and specific questions about imagery and ELINT decompartmentation. ☐

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7. APEX Control Staff Activities:

a. During November a paper containing APEX background material and tasks to be accomplished was prepared for the Presidential Transition Team. A notebook containing bibliographic information on APEX was also provided to the Team via SA/DDCI [redacted]. In December a turnover paper was prepared for Mr. Casey. The SA/DCI for Compartmentation briefed John Radican and John Goedtel, S&I Staff, House Appropriations Defense Subcommittee, on a variety of APEX items. A response was drafted to a memo from the Senate Select Committee on Intelligence (SSCI) which contained 17 questions on APEX. Included were specific questions on [redacted] surfaced in several press reports. [redacted]

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b. An APEX memorandum explaining inability to meet the 1 January 1981 start-up date was sent to NFIB. This memorandum resulted in a 24 November NFIB meeting to establish a new start-up date. The meeting, however, resulted in a DCI call for a review of APEX issues by NFIB. The first iteration of the Issue Papers was forwarded to the DCI in anticipation of a 12 January 1981 meeting of NFIB. [redacted]

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Miscellaneous

a. Legal questions concerning a description of the 4C system in the Federal Register were addressed by the Legal Counsel. [redacted]

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b. A request was prepared for submission to ISOO for a waiver of the requirement for paragraph markings for SCI material produced in industrial contractor facilities. [redacted]

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